

CODE	Section II FISCALLY SOUND OPERATION/BENEFICIARY PROTECTION-FINANCIAL
FISCAL SOUNDNESS	
FS01	<p>M+C organizations provide to HCFA such information as the Secretary may require demonstrating that the organization has a fiscally sound operation.® Section 1857(d)(4)(A)(I) 42CFR422.111(c); 42CFR422.516</p> <p>[] MET [] NOT MET [] NOTE</p>
MOE	<p>‘ Under the Balanced Budget Act of 1997 (B.B.A.) the primary review of the fiscal soundness of an M+C organization is the responsibility of the state regulatory agency (e.g. State Department of Insurance; Department of Corporations; Department of Insurance; etc.). While the state regulator has the primary responsibility for the assurance of fiscal soundness of an organization, the Medicare financial contract reviewer also has the responsibility to review any evidence that the state regulator has about the fiscal soundness of the organization.</p> <p>Regional Office staff should call Central Office Medicare contract financial reviewer during routine reviews to ensure that this portion of the review is completed.</p> <p>Review: ‘ Audited financial statements ‘ other National Data Reporting Requirements (NDRR) data ‘ Unaudited financials ‘ SEC and State financial filings</p> <p>Interview: ‘ Finance director ‘ State regulator</p>
BENEFICIARY PROTECTION-FINANCIAL	
FS02	<p>M+C organization protects beneficiary enrollees from incurring liability for payment of any fee that the M+C organization is legally obligated to bear. Section 1856(b)(1) 42CFR422.502(g); 42CFR422.132, OPL 98.077</p> <p>[] MET [] NOT MET [] NOTE</p>

MOE FS02	<p style="text-align: center;">The financial review is conducted by HCFA Central Office</p> <p>‘ Does hold-harmless language, in the format of the National Association of Insurance Commissioners (NAIC) (or HCFA approved modified NAIC language) Model Act, appear in provider contracts? Does the M+C organization have policies and procedures that demonstrate measures have been taken to indemnify Medicare enrollees for the organization’s legal obligations that are derived from health care services provided to Medicare enrollees by providers that have not entered into a written agreement to participate in the M+C organization’s Medicare provider network? (Cross refer to Administration and Management - AM0510j&k).</p> <p>‘ Review uncovered expenditures calculations worksheet.</p> <p><u>Interview:</u> CFO/Controller, Providers regarding any provisions in their contracts which commit them to not bill enrollees for services received.</p>
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